

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

ENERGY DIVISION

RESOLUTION E-3860

December 18, 2003

R E S O L U T I O N

Resolution E-3860. San Diego Gas & Electric Company requests expedited approval to reallocate energy efficiency and self-generation program dollars to fund the Rebuild a Greener San Diego program.

By Advice Letter 1540-E/1414-G filed on November 25, 2003.

SUMMARY

Advice Letter 1540-E/1414-G requests the redirection of funds to San Diego County fire victims from Energy Efficiency and Self-Generation programs that the Commission had approved in previous Orders. Upon approval of this Advice Letter, 6.57 Million Dollars in Self-Generation and Energy Efficiency program funds will be used to help those residents of San Diego City and County who lost their homes in the recent Otay, Cedar and Paradise fires. The objective of the new program, entitled Rebuild a Greener San Diego, is to provide educational guidance, technical assistance and financial incentives to architects, contractors or homeowners in order to encourage the incorporation of design elements and measures that will lead to rebuilt homes that exceed Title 24 standards, and are significantly more energy efficient than they would have been in the absence of this program. The program will also provide incentives to homeowners who choose to include self-generation systems in the design of their rebuilt homes.

This Resolution approves, with modifications, the reallocation of funds to the proposed Rebuild a Greener San Diego program, while it imposes certain requirements for design changes and information on the program implementers.

BACKGROUND

In what have become known as the October Fires of 2003, that less than two months ago devastated much of southern California, over 3500 homes were destroyed. A large number of those homes, about 2600, were located in the San

Diego region. The San Diego Regional Energy Office (SDREO), the City of San Diego, the County of San Diego and San Diego Gas & Electric (SDG&E) have joined forces to develop a program concept, and have agreed to pool the resources available to them, in an effort to provide energy efficiency and self-generation guidance and support to the fire victims of San Diego County. The result of this partnership planning has been put forward as a program entitled "Rebuild a Greener San Diego." The program will provide three types of assistance to fire victims: 1) technical information and guidance, 2) financial incentives for the installation of photovoltaic (pv) self-generation systems, 3) financial incentives for the incorporation of energy efficient measures or design principles that will lead to homes that significantly exceed the energy savings that would have resulted from the applicable Title 24 requirements.

The \$6.57 Million that will be used to fund the Rebuild a Greener San Diego (Rebuild Greener) program are to come from two different funding sources that are overseen by the Commission, the energy efficiency component of the Public Purpose Programs Charge (a.k.a. PGC) and the Self-Generation monies that the Commission has earmarked from the distribution rate component. The following Commission Orders authorized the current allocation of the funds in question: D. 01-03-073 authorized funding for the Self-Generation program that is implemented in SDG&E's service territory by SDREO; D.02-05-046 authorized nearly \$100 Million in funding for over fifty non-utility (a.k.a. third party) implemented programs that were slated for operation in program years (PY) 2002 and 2003. The breakdown of the programs from which the \$6.57 Million in funding for the Rebuild Greener program will be derived is the following, as detailed in the Advice Letter:

Four Programs Implemented by the San Diego Regional Energy Office

Self-Gen Program: \$5 million

PY2002/3 Energy Efficiency Programs: \$470,000

City of San Diego

PY2002/3 Whole House Energy Efficiency Retrofit Incentive Program:
\$600,000

Two Program Implemented by SDG&E

Express Efficiency and Savings by Design Program: \$500,000

NOTICE

SDG&E filed Advice Letter 1540-E/1414-G with the Commission on November 25, 2003. SDG&E concurrently served a copy of the Advice Letter on interested parties which included the members of proceedings R.01-08-028 and R.98-07-037. SDG&E requested expedited treatment of the Advice Letter in question. Executive Director Ahern granted that request in a letter to SDG&E dated December 1, 2003.

PROTESTS

The Commission received no protest to Advice Letter 1540-E/1414-G.

DISCUSSION

The Commission strongly applauds the partners' initiation and spirit of cooperation in coming together during a time of crisis for the San Diego region. It is evident that these partners have already put substantial effort into putting together a program to provide assistance to fire victims who would like to incorporate energy conscious design principles and products into their rebuilt homes. Due to the time sensitive nature of the rebuilding efforts that are already underway in many of the fire ravaged neighborhoods, the Advice Letter is lacking much of the detail that the Commission typically requires of prospective program implementers. This Resolution fills in some of that detail, and leaves some up to the Rebuild Greener partners to agree upon and the Energy Division to approve.

Rebuild a Greener San Diego Will be Presented as a Unified Program

Rather than being presented as components of the current programs (from which the funding is being reallocated), we will require that Rebuild Greener be presented and reported upon as a single program. We anticipate that the program will be co-branded with the names and logos of each partner included in promotional materials and campaigns. We also expect that each partner will play a significant role in the program's development and implementation. Also, each partner will retain responsibility for their contribution to the program's funding. At the same time, given the many administrative and bureaucratic challenges facing the San Diego fire victims, it is essential that the Rebuild Greener program present a cohesive face to potential participants. In order to both minimize costs and simplify the interface for participants, a single set of promotional materials and a single application should be created for the program, covering all program components. Applications should be sent to a

central location. This is especially important since participants are to be served on a first-come-first-served basis. We will leave it up to the partners to determine which entity will serve this function, subject to approval by assigned Energy Division staff as part of the Program Implementation Plan.

Eligibility Requirements Will be the Same for All Participants

Program participation will be limited to San Diego County residents who will be forced to rebuild their homes as a result of the October fires. Customers will be served on a first-come-first served basis until funds are exhausted or the program comes to a close. The process for determining how applications are received will be decided by the Rebuild Greener Partnership. The program closure date is slated for November 2005.

Self-Generation Component

D. 01-03-073 approved funding for the Self Generation program from which \$5 Million will be taken for the Rebuild Greener program. The Advice Letter did not specify an incentive level for photovoltaic systems. The incentive level for this program will be capped at \$4/watt. This level differs from that approved by D. 01-03-073, and is consistent with the current CEC incentive level for residential photovoltaic self-generation systems. This is a special exception for this program only, and is in deference to the extraordinary circumstances faced by the community of San Diego and its fire victims. SDREO will ensure that, apart from tax credit, recipients of self-generation funds from the Rebuild Greener program do not receive funding for the same system from any other source.

Energy Efficiency Incentive Structure

The Advice Letter requested a \$2000 per customer incentive level for an unspecified package of energy efficiency upgrades on homes to be rebuilt as a result of the fires. We modify this in the following manner: The per customer incentive for energy efficiency improvements will be capped at \$2000. Incentives will be provided for a package of measures and or design improvements with the objective of exceeding applicable Title 24 requirements by 20%. All customers who participate in the program will be eligible for the same package of incentives, and at the same rebate level, regardless of the original funding source. The exact design and eligible energy efficient improvements will be developed by the partners and presented for approval to assigned Energy Division staff as part of the Program Implementation Plan.

COMMENTS

Public Utilities (PU) Code Section 311(g)(1) provides that the draft Resolution be issued for public review and comment at least 30 days prior to a vote of the Commission. PU Code Section 311(g)(2) provides that the 30-day period may be reduced or waived upon stipulation by parties. Parties to the draft Resolution have stipulated to waiving the comment period. Accordingly, the comment period has been waived pursuant to PU Code Section 311(g)(2) and Rule 77.7(g) of the Commission's Rules of Practice and Procedure.

FINDINGS

1. SDG&E filed Advice Letter 1540-E/1414-G on November 25, 2003 requesting authority to reallocate energy efficiency and self-generation program funds to fund the Rebuild a Greener San Diego (Rebuild Greener) program. No party protested the advice letter. Advice Letter 1540-E/1414-G should be approved with the modifications described herein, thus approving funding for and implementation of the Rebuild Greener program.
2. The fire victims of San Diego will benefit from a program that provides financial resources and technical guidance that will encourage them to adopt energy efficient measures and design features and self-generation technology.
3. Rebuild Greener will be implemented by the following entities, designated as the Rebuild Greener Partnership: San Diego Gas and Electric (SDG&E), San Diego Regional Energy Office, City of San Diego and County of San Diego.
4. The funding for this program will come from a reallocation of two sources of funding: PY2002/3 Energy Efficiency funding and Self-Generation, Level 2 funding.
5. Rebuild Greener is an important and laudable program concept. Due to the importance of making this program available quickly, much of the program detail has not yet been determined. Therefore, Energy Division will need to approve a fleshed out Program Implementation Plan that is agreed to by the Rebuild Greener Partnership. The Plan should follow the format specified by Energy Division for the Commission's Energy Efficiency programs, and should be filed within 15 business days of this Order.
6. Incentive levels were not provided in the Advice Letter. We prescribe a specific incentive structure for the Self-Generation program component, and a more general incentive structure that is to be defined by the Rebuild Greener Partnership and presented to designated Energy Division staff for approval. These incentive levels are specific to this program, will not set a precedent for

other programs, and may be substantially more generous than for other programs. This is justified given the dire circumstances facing the fire victims and the necessity to gain agreement from prospective participants quickly, due to the fast moving pace of rebuilding efforts that in many cases are already underway.

7. It is crucial for the benefit of fire victims that the Rebuild Greener Program be presented as a cohesive program with a central point of contact and consistent and unified application, eligibility and participation requirements. Simplicity and unity in the program's design will be necessary if the program is to be well-received and fully utilized by fire victims who will already be burdened with numerous administrative requirements resulting from their rebuilding efforts. The Rebuild Greener partnership should designate a central point of initial contact for prospective participants, and shall present this to Energy Division as part of their Program Implementation Plan. The Implementation Plan should also identify which additional roles each partner will fill.
8. We recognize that the programs from which funding is to be reallocated will need to have their budgets, and in some cases their goals, adjusted through contract change orders. SDG&E has indicated that it will not need to adjust its goals, however SDREO has requested adjustments to its program goals, and the City of San Diego may need to do the same. Energy Division has not had sufficient time to review SDREO's requested adjustments. Assigned Energy Division staff will work with SDREO and the City of San Diego to determine reasonable adjustments to goals, based upon the budget reductions approved herein.
9. Two existing requirements for the funds coming from the Self-Generation program are being excepted by this Resolution: the incentive level and the system size. Apart from those exceptions, the Self-Generation component of the Rebuild Greener program should comply with the requirements set out in D. 01-03-073.

THEREFORE IT IS ORDERED THAT:

1. Advice Letter 1540-E/1414-G is approved with modifications, thus approving funding for and implementation of the program entitled Rebuild a Greener San Diego (Rebuild Greener.)
2. Rebuild Greener will be implemented by the following entities, designated as the Rebuild Greener Partnership: San Diego Gas and Electric (SDG&E), San Diego Regional Energy Office, City of San Diego and County of San Diego.

3. The funding for this program shall come from a reallocation of two sources of funding: PY2002/3 Energy Efficiency funding and Self-Generation, Level 2 funding.
4. The Rebuild Greener Partnership will be required to submit a Program Implementation Plan for Energy Division approval within 15 business days of this Order. The Implementation Plan is to follow the format specified by Energy Division for the Energy Efficiency programs that are approved and overseen by the Commission.
5. The Rebuild Greener Partnership is directed to develop a single program application that includes all program components. We expect that this, along with all other promotional and educational program materials for this program, will be co-branded with the names and or logos of each partner.
6. Incentive levels for the Self-Generation component of the program shall be the following: a maximum of \$4 per watt for photovoltaic self-generation systems.
7. In order to comply with Commission requirements regarding the Self-Generation program, SDREO will need to ensure that a process is in place which presents program participants from receiving incentives for their self-generation system from more than one funding source. Specifically, SDREO is asked to coordinate with the CEC to protect against any such double-dipping with the CEC's program.
8. A specific incentive structure will be required of the Rebuild Greener Partnership and presented to designated Energy Division staff for approval. The general requirements of these incentive levels shall be the following: energy efficiency incentive level shall be capped per participant at \$2000 and the package(s) of measures or design changes that are prescribed shall be determined by the partners with a goal of a 20% improvement upon applicable Title 24 requirements.
9. We will require that offerings and incentive levels be the same for all program participants regardless of the original source of program funds. All incentive levels shall be specific to this program and will not set a precedent for other programs.
10. The Rebuild Greener partnership is requested to designate a central point of initial contact for prospective participants, and this requirement will need to be satisfied in order for Energy Division to approve the Program Implementation Plan. The Implementation Plan need also identify which additional roles each partner will fill.
11. The programs from which funding is to be reallocated shall have their budgets, and in some cases their goals, adjusted through contract change

orders. SDREO and the City of San Diego will need to work with assigned Energy Division staff to determine reasonable adjustments to goals, based upon the budget reductions approved herein.

12. Two existing requirements for the funds coming from the Self-Generation program are being excepted by this Resolution: the incentive level and the system size. Apart from those exceptions, the Self-Generation component of the Rebuild Greener program is required to comply with the requirements set out in D. 01-03-073.
13. The Rebuild Greener Partnership will be subject to the same reporting requirements as are the program implementers of PY2004/5 Energy Efficiency Programs. Reports should be sent via e-mail to Energy Division Staff - Valerie Beck and Ariana Merlino.
14. Nothing in this Resolution shall alleviate the responsibility of any of the partners to submit reports or documentation that the Commission has required of them in previous Orders, including reports for the partners' Self-Generation and Energy Efficiency programs.

This Resolution is effective today.

I certify that the foregoing resolution was duly introduced, passed and adopted at a conference of the Public Utilities Commission of the State of California held on December 18, 2003; the following Commissioners voting favorably thereon:

WILLIAM AHERN
Executive Director

MICHAEL R. PEEVEY
President
CARL W. WOOD
LORETTA M. LYNCH
GEOFFREY F. BROWN
SUSAN P. KENNEDY
Commissioners